



Submission on the Infrastructure : Facts and Issues – Towards a National Infrastructure Plan

1. Thank you for the opportunity to make this submission. It is from the KiwiRail Group of Companies which operate under the legal entity NZ Railways Corporation (NZRC).
2. The KiwiRail Group (“KiwiRail”) operates the following business units that are directly impacted by a National Infrastructure Plan:
 - **KiwiRail Freight** – NZ rail freight operator. New Zealand’s rail freight provider which carries over 14 Million tonnes of freight annually over 3819km of rail network. The KiwiRail freight business also provides maintenance services to the ARC and provides equipment and staff to support Auckland rail operator Veolia.
 - **KiwiRail Passenger**– KiwiRail Passenger operates the Tranz Metro business in Wellington and the Tranz Scenic long distance passenger services. These operations complete over 12 million rail passenger trips annually.
 - **KiwiRail Networks (ONTRACK)** – The rail network infrastructure owner and manager. The Networks business unit has responsibility for maintenance and upgrades on national rail network and plays a critical role in transport and infrastructure planning and development throughout the country. Significant projects currently being managed through this business unit include the Auckland double tracking (DART) and electrification projects and the WRPP project in Wellington.
 - **KiwiRail Mechanical Services** – Provides maintenance services and servicing for KiwiRail owned rolling stock as well as the Hillside and Hutt railway workshops
 - **KiwiRail Interislander** –The Interislander operation has three ferry services that operate across the Cook Strait carrying rail and truck freight, passengers and vehicles. The Interislander ferry service has been considered a coastal shipping operation for the purposes of the NZ coastal shipping strategy and is consequently impacted by changes to domestic/coastal shipping funding mechanisms.
3. KiwiRail has reviewed the *“Infrastructure: Facts and Issues - September 2009 – Towards the First National Infrastructure Plan”* and supports the idea and concept of a balanced national infrastructure plan. KiwiRail will limit itself to commenting on the Rail / Interislander aspects of the plan.

Base Information, Missing Issues and Cross-sectorial Issues

4. KiwiRail believes more emphasis should be placed on the integrated nature of the transport networks across all modes. This would link to an integrated national transport infrastructure investment plan that takes into account, in a balanced way, all transport modes.
5. KiwiRail notes that paragraph 101 asserts that the 1067mm New Zealand railway gauge constrains speed. The railway gauge is not a constraint on efficiency or speed. South

Africa, Queensland, Japan and Western Australia have the same 1067mm gauge as New Zealand and operate efficient heavy haul railways, for both freight and passenger traffic at quite high speeds (up to 160 kph). The constraints on average speed are the curves of the track, tunnel clearances, grades, and bridge standards, not the gauge.

Also of note is that the New Zealand loading gauge is similar to the standard gauge 1435mm British rail system. This is evidenced by New Zealand obtaining former British carriages that are now used in the Auckland and Wellington metro systems with the major modifications being the fitting of new 1067mm gauge bogies to enable them to run on the New Zealand network.

6. KiwiRail notes that paragraph 102 states shorter distances within regions are not a natural market for rail, and states rail only becomes economic over long distances. KiwiRail acknowledges that whilst this may be a traditional view on rail economics it is not correct in the New Zealand situation necessarily. There are many instances where short haul by rail is by far the most economic mode. For example:

- (i) Coal from the Huntly area to the Mission Bush Steel mill,
- (ii) The intra Waikato moves of dairy product to the hubbing facilities at Crawford Street in Hamilton,
- (iii) The developing inland port at Wiri to Auckland Port.

All of these hauls are well below 100 km and are not unique and further short haul rail is likely in the foreseeable future in New Zealand. In fact KiwiRail would suggest that these markets have been growing in recent years, particularly in urban areas. They offer a means to reduce congestion caused by freight trucking in otherwise busy urban areas and should see mention in the national infrastructure plan. This should be an area of some focus particularly in the Auckland region.

7. Paragraph 116 asserts that there is little evidence to support the premise that rail offers positive externalities and that road transport does not pay for its full social costs, reducing the ability of rail to compete. It is KiwiRail's contention that there is in fact substantial evidence both from within and outside New Zealand to support the notion that rail does produce positive externalities that are not reflected in current arrangements. KiwiRail would be happy to advise expand on this.
8. There is no provision in the plan on the protection of potentially future strategic rail corridor for routes that are currently uneconomic that may be viable in the future. Freight and passenger movement patterns change over time. Two cases in point where what wasn't viable twenty years ago is now viable are as follows:

- (i) The West Coast line for coal export via the Port Of Lyttleton, export dairy and tourism rail
- (ii) The Marton to New Plymouth line for bulk milk and dairy export product

Both these routes were considered for potential abandonment in the late 1980's. They are now two of KiwiRail's most successful busy routes for coal and milk/dairy products respectively. The West Coast route also has an internationally recognized successful tourist train, is part of a supply chain for gold slurry, and is a critical part of viable export dairy product supply chain from Westland Dairy on the West Coast. Had it not been for rail being retained in these regions then from a national infrastructure point of view it

would have severely impacted on New Zealand's ability to have a viable supply chain for export coal and dairy from these regions, as well as impacted on tourism.

9. In paragraph 302 it refers to more than a decade of under investment in the track network. There have in fact been more than two decades of under investment.
10. KiwiRail believes a new section 305 should be added after paragraph 304 to refer to possibilities of urban rail in Christchurch which is being actively considered. Also the extension of urban metro into inter urban/region rail services should be considered. This is particularly the case for potential rail passenger links between the Waikato and Auckland and the Manawatu and Wellington where there is growing support for a commuter rail service from expanded hinterlands of Auckland and Wellington respectively.
11. Rail is a critical mode for long distance transport to and from most regions in New Zealand. The important role played by rail needs to be borne in mind when planning for roads. As an example, the milk traffic from Oringi and Longburn to Hawera is equivalent to 29,000 two-way truck and trailer trips that are not on the roads. Rail helps maintain a safe transport system by diverting heavy traffic. Rail's role in this area can be enhanced further and has been growing significantly as a result of infrastructure investment, since for example, the opening up of the Manawatu Gorge tunnel and the Kai Iwi tunnel bypass which now allow high cube containers to be transported from Taranaki to Hawkes Bay improving supply chain options for exportable products such as dairy.
12. There is limited discussion for targeted funding of rail or shipping initiatives that would produce benefits to road users. Road users for example, could benefit tremendously from improved transport hubbing and the removal of trucks from the road. Cost/benefit based funding for specific projects that enable this to occur, should be provided for within the infrastructure plan.
13. KiwiRail believes that specific mention of Clifford Bay as a alternative South Island Interisland port terminal (or supplement) to Picton should be specifically mentioned as part of the National Infrastructure Plan. This ferry terminal would take at least 30 minutes off the sailing time between Wellington and the South Island whilst also taking a hour or more off both the road and rail journeys to Christchurch (over difficult hilly country for both road and rail) which could in turn produce significant national benefits in economic growth and productivity, both in shortened rail, road and sea journeys and effectively bringing North and South Islands closer together.
14. KiwiRail notes that discussions with government are continuing in respect to a range of funding mechanisms for rail including the announced desire for Metro rolling stock ownership to revert to KiwiRail. Our expectation is that these discussions will result in clarification of all funding mechanisms for rail and will provide a framework for rail investment to be considered as part of a total transport planning package.

Contact details -. Should you require clarification of any aspect of this submission please contact:

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